



## Canadian Tire Corporation Limited Has a New CEO

### Description

**Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) announced a major change to the company this week, which has left many investors and industry pundits curious for answers.

After only two years on the job, Michael Medline resigned this week from his position as CEO of Canadian Tire; former CEO Stephen Wetmore is returning to the post he occupied from 2009 to 2014.

Exactly why the shakeup occurred was not immediately disclosed, but some sources have stated that the board of the company was concerned about the long-term direction of the company, particularly with respect to speed and adoption of new technology.

Medline was a big supporter of the use of technology in the retail process, effectively taking Canadian Tire from a tired brand with a limited digital exposure into a best-practices retailer for the entire brick-and-mortar retail sector.

### Canadian Tire is and will remain a technology leader

Canadian Tire has integrated the use of technology into the retail process in a very short time and given serious thought to leveraging digital means to increase sales and expand to a larger audience. Integrating technology into the buying process is no simple feat; countless companies have tried in the past and met with little success. Canadian Tire, on the other hand, has taken this approach to a whole new level.

Some of the innovations that the company has introduced over the past year include a driving simulator to let customers try out new tires in different driving conditions, a treadmill that recommends the best athletic shoe, and a VR headset to see how new patio furniture will look in the backyard.

The company also made changes to stores to allow for digital-order pick-up and drive-thru areas, and even brought back the print catalogue of old with a new digital-content twist.

These were all innovative advancements released under Medline's tenure, some of which were worked on in conjunction with Wetmore in his prior role as CEO, and there's little reason to believe that this will

change now that Wetmore has resumed his role as CEO.

### **Canadian Tire will continue to innovate and post great results**

Another area where Canadian Tire innovated over the past few years was in the realm of rewards programs. The company introduced a digital version of the Canadian Tire money of years past and has made a number of agreements with other companies for both banking and credit services. It also integrated into other rewards programs, such as **Cineplex Inc.'s** Scene loyalty program.

There's no reason to expect any of this to change under the new management as the programs have been wildly successful.

Canadian Tire currently trades at \$138.27, down approximately 1.75% this week on the news of the staffing change. Looking out over the longer period tells a completely different story, however, and this is what investors should be concerned with: year to date, the stock is up impressively by 17%, and over a much longer period of five years the stock is up nearly 125%.

In my opinion, any volatility in the price of Canadian Tire is only for the short term. The company remains on a sound financial footing and is a great investment option for those seeking a long-term retail stock that is redefining the retail sector.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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